



To: Boards of Assessors
FROM: Marilyn H. Browne, Chief, Bureau of Local Assessment
DATE: May 15, 2006
TOPIC: CERTIFIED TELEPHONE & TELEGRAPH VALUATIONS FOR FISCAL YEAR 2007

The Commissioner of Revenue has determined and does hereby certify the full and fair cash valuation of telephone and telegraph machinery, poles, wires and underground conduits, wires and pipes of the centrally valued telephone and telegraph companies, as of January 1, 2006. These valuations are certified for fiscal year 2007 under the authority of M.G. L. c. 59 §39. The property owner or the board of assessors must make appeal of the valuations to the Appellate Tax Board on or before June 15, 2006.

Telephone and telegraph **corporations** have been valued only on poles and wires over private property, underground conduits, wires and pipes in public or private property, and electric generators. M.G.L. c. 59, §39; G.L. c. 59, §5, cl. 16(1); & G.L. c. 59, §18(5). **Partnerships, trusts and LLCs** have been valued by the Commissioner on all poles, wires, underground conduits, wires and pipes situated in the Commonwealth (including poles and wires over public ways), and all machinery used to provide telephone or telegraph service (including switching and routing equipment). M.G.L. c. 59, §39; M.G.L. c. 59, §18, First and Sixth & G.L. c. 59, §5, cl. 16(2). Additionally, these entities are subject to valuation and assessment locally on all other taxable personal property. Therefore, a Form of List (State Tax Form 2) must be filed in all communities where such other personal property is located. (See the posted list of *Centrally Valued* telephone companies to identify these companies.)

With respect to **local filing requirements**, telephone and telegraph companies organized as LLCs that elect to be treated as corporations for federal income tax purposes, and single member LLCs that elect to be treated as disregarded entities for federal income tax purposes, whose single members are S corporations, are treated as business corporations. As such, except for the centrally valued telephone and telegraph property, they are taxable only on machinery used in the conduct of business. This may include dedicated cable TV and Internet access machinery of bundled carriers, but all property used for telephone service and also for cable TV and/or Internet access should have been reported centrally and valued as part of this certification. For other LLCs, partnerships and trusts, all non-telephone machinery, as well as furniture and effects, equipment and other non-machinery items will be subject to valuation and assessment locally.

This year some communities will see decreases in taxable telephone personalty of several companies due to changes in legal status from an LLC to a corporation, and lower reporting by companies based on their internal auditing of assets. In the list that follows we have described the changes to companies we believe to be significant.

1. *AT&T Communications of New England, Inc.*, and *Teleport Communications Group, Inc.* are related corporations, but report separately. This year *AT&T Communications* transferred assets to *Teleport*. *Teleport* also found previously unreported vintage assets and redistributed reported assets was a result of an inventory they performed in 2005 to eliminate the previously estimated assets and locations. Several communities will see decreases while other communities will have increases. Valuations were made based on reported property
2. *Conversent Communications of Massachusetts, LLC* is now *Conversent Communications of Massachusetts, Inc.* for FY2007 resulting in a significant decrease in reported assets.

3. *Focal Communications Corporation* was centrally valued in FY2006. For FY2007, *Focal Communications Corporation* was merged into an affiliated entity, *Broadwing Communications of Massachusetts* and its personal property should be reported locally.
4. *Level 3 Communications, LLC* purchased *Wiltel* in 2005, and is now reporting additional vintage assets that previously had been reported locally. Some communities will experience an increase in value.
5. *New Cingular Wireless PCS, LLC* is reporting for FY2007 with the additional assets of the *Worcester Telephone Company*, which ceased to exist on December 31, 2005.
6. *RCN-BecoCom, LLC* changed its form of ownership on October 1, 2005 to a corporation. As a result, *RCN- BecoCom, Inc.* reported a decrease of taxable assets for FY2007 for both machinery and aerial plant over public property that is not taxable as a corporation.

Centrally valued telephone company billing names and addresses as reported by the companies are posted on this website for your convenience. Also, we have provided a list of companies that filed state returns but were not centrally valued. These companies and all others not centrally valued should file and be valued locally. Questions regarding valuations may be directed to Walter Sandoval Dusza at 617 626-4087 or John Gillet at 617-626-3605.